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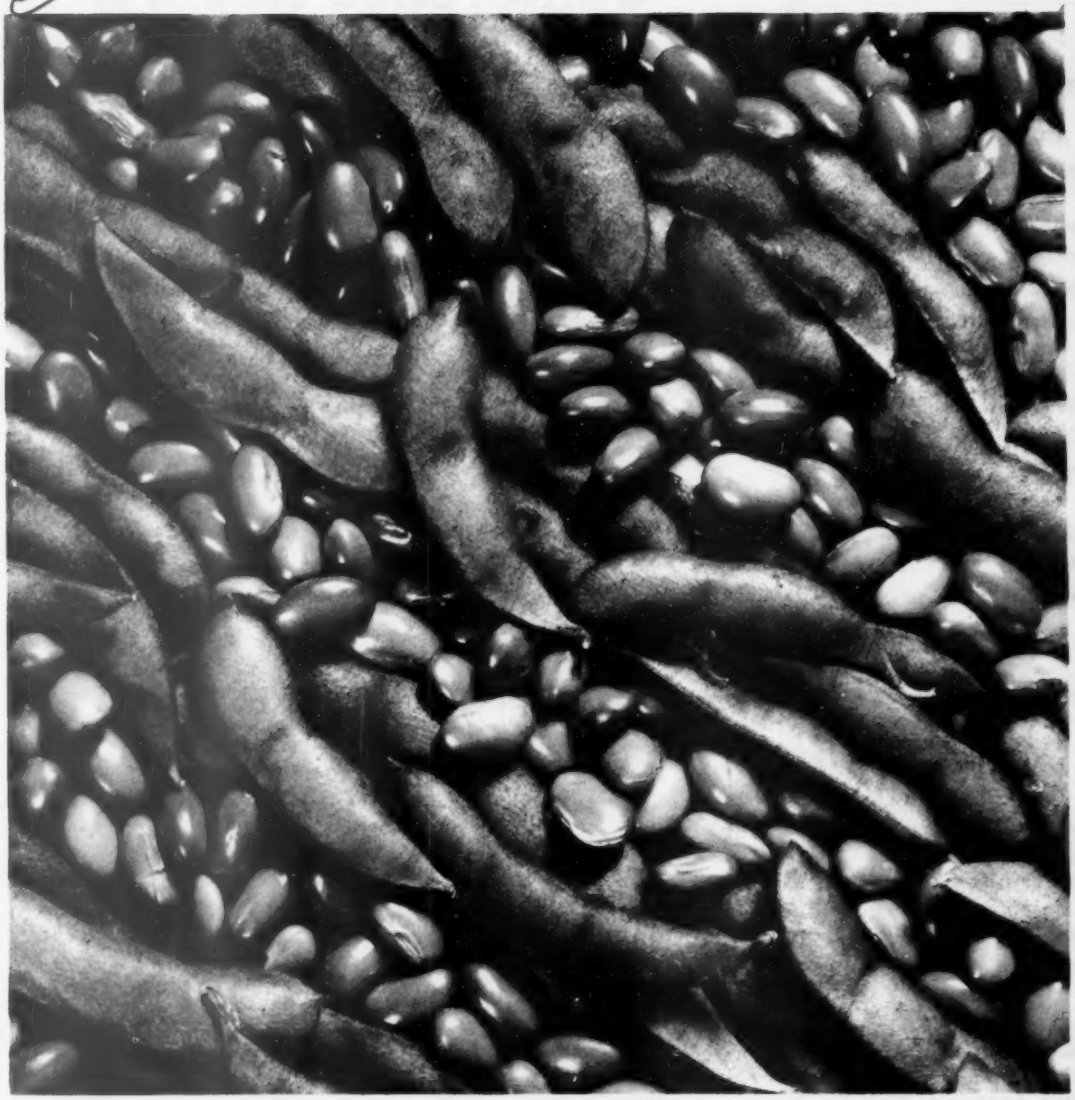

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IASC Congress Report—
Seed Crushers View World Oil Problems

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This week's cover:

The International Association of Seed Crushers met in Washington last month to talk about the world's burgeoning supply of oil-bearing crops (pages 1-7). Soybeans—closeup on the cover and scooped up by the American farmer at right—is one crop being examined.

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Conference Report: The Many Sided Fa

ed Fats and Oils Situation

The complexities of food supply and demand—where some nations have surpluses while others have too little—came into the limelight again last month at the 46th Congress of the International Association of Seed Crushers (IASC).

During their September 25-27 meeting in Washington, D.C.—first ever to be held outside the European Continent—Association members examined reasons for and possible solutions to the world's growing surplus of vegetable oils. At the same time, they looked into ways of using their abundance to help improve diets in the developing world. Over 500 delegates from 29 countries attended the Congress, representing all phases of the crushing industry—from producers of fish oil and meal to those of soybean oil and meal.

Speaking for the U.S. Government were John A. Schnittker, Under Secretary of Agriculture, who discussed farm programs in the United States—world's largest oilseed producer; and Irwin R. Hedges, Deputy Assistant Administrator for the War on Hunger, AID, who described AID programs involving fats, oils, and meal used in high protein foods. Reports were also delivered on the world, U.S., and Japanese fats and oils situation; on the world food problem; and on Romanian oilseeds, copra and copra products in the Philippines, fish oil and fish meal, and improving the U.S. soybean crop.

Much of the conference's attention was focused on oils. Increasingly the neglected stepchild of oil meal, vegetable and fish oil production has zoomed in recent years, resulting in prices of some products hitting their lowest levels since World War II. That prices for meal have not shown similar deterioration has been little compensation to crushers who see their margins steadily declining.

In his opening speech, President of the Association, C. A. C. de Boinville, of the United Kingdom said, "It is apparent that the oilseed crushing and extracting industries of the world may well be in for a difficult time in the next few years. . . . We are faced with this considerable problem of supply and demand, and if we are honest with ourselves we must point a finger at the protective agricultural policies of some of the developed countries as being hardly conducive to free trade."

Such policies—notably in the EEC—have led to the creation of the European butter surplus, which, according to Mr. de Boinville, "now hangs over the oils and fats market like a great yellow cloud." They have also led to surpluses of another vegetable oil competitor, lard, and to diversions of sunflowerseed oil and other oils to non-EEC countries, thus stiffening competition in these markets.

Mr. de Boinville went on to review the situation in 1967 and 1968 for the major oil-bearing products.

U.S. production of soybeans, he said, reached a record just short of a billion bushels in 1967 and is forecast at even more—1,064 million—this year. U.S. cottonseed was one of the few oilseeds showing the reverse trend in 1967, as acreage plummeted to the lowest level in 100 years. A 50-percent rise is forecast for U.S. output of this product in 1968.

In his review, Mr. de Boinville cited sharp gains in sunflowerseed and fish oil output as partly responsible for today's oversupply. The Soviet Union's sunflowerseed crop, he said, rose by over a half million tons in 1967 to 6.6 million. Shipments of oil from that country and Eastern Europe tripled between 1965-66 and 1966-67 to 600,000 tons, and a similar high level was maintained in 1967-68. This created great competition among vegetable oils on the world market and sparked EEC antidumping measures against sunflowerseed oil. A somewhat smaller crop was forecast by Mr. de Boinville for this year. Fish oil output skyrocketed in all major producing nations: Norway recorded a 100,000-ton gain to 330,000; Peru's output peaked at 250,000 tons; and South Africa's doubled.

A 20-percent hike in EEC supports for rapeseed led to an increase to 650,000 tons in Community production of this crop. Malaysian palm oil production showed a spurt in 1967, with another gain forecast for 1968. And Spain's olive crop is so large this year—more than half a million tons—that the country 2 months ago attempted to place an embargo on all oilseed imports.

While concerned about the low prices resulting from such a situation, most conference speakers felt now was not the time for a sharp cutback in production, especially in view of the contributions that could be made toward fighting malnutrition. Speaking of this, R. Hal Dean, President and Chairman of the Board of Ralston Purina Co., said that we face more of a "people problem" than production problems. He referred to the complexities of moving products from the countries that have too much to those that have too little. While government programs have helped, they cannot reach all areas, said Mr. Dean, who suggested a reevaluation of these programs and more serious efforts on the part of industry to help developing countries feed themselves.

The Supply-Demand Imbalance of Soybeans

Undersecretary of Agriculture **John A. Schnittker** *discusses the world abundance of soybeans and the opportunities and responsibilities which fall on producing countries.*

Soybeans, an enormously important source of badly needed protein, have a continuing role to play in the food picture of a world whose population is constantly expanding. But we seem to be at the end of the period when demand could absorb without too much difficulty all the soybeans that U.S. farmers would produce.

The United States is the world's largest exporter of soybeans and soybean products. In fiscal year 1968, soybean exports were valued at $751 million; meal, $241 million; and oil, $117 million. Oilseeds and products constitute the No. 1 cash export item on our agricultural sales list—a position oilseeds reestablished in the fiscal year ending June 30, 1968, when shipments were valued at $1.2 billion. I say "reestablished" because oilseeds had the No. 1 position in 6 out of the last 7 years. But soybeans are running into problems, the most important of which is an imbalance between supply and demand.

U.S. surplus

It has been pleasant over the years to see continually expanding production of soybeans move into a continually expanding market. Now we see—with something of a shock—that the supply that farmers will produce at present prices is greater than the amount users will take. The U.S. carryover of soybeans by September 1, 1969, may be around 300 million bushels—much larger than we like.

To understand the overall soybean supply-demand situation, we must bear in mind that soybeans are a "two-part" crop—meal and oil. Each has its own supply-demand relationships. Each contributes in varying degrees to the price of soybeans.

Both domestic and foreign demand for soybean meal continues strong. The world could well use much more soybean meal. At the moment, the price of meal, as contrasted with the price of fats and oils, is strong. This also creates problems. For example, recent price levels for soybean meal have stimulated the use of alternative proteins, notably fish meal and urea.

Oil, to put it bluntly, is in deep trouble. Total world output of fats and oils last year set a new record of 39.3 million metric tons. Output in 1968 will set another record—around 41 million tons. U.S. soybean oil prices, reflecting these generally heavy supplies, have been the lowest in 5 years.

As we look at these statistics, we can draw a few general conclusions about oil production, consumption, and trade.

While the United States has stepped up production, the large output of oil relative to demand is also the result of increased output in other countries. The expansion has occurred not only in oilseeds, especially sunflowerseeds, but also in animal fats—lard, tallow, and, in some countries, butter.

The major U.S. contributor to the world oilseed supply—soybeans—creates less of an oil problem than the other major oilseeds. With soybeans we get over 4 pounds of protein meal for each pound of oil. With most of the other oil-bearing seeds and vegetable oil-bearing materials, we get only about 1 pound of meal for each pound of oil. This is an important point in soybeans' favor, considering that world demand for meal is growing faster than demand for oil.

World consumption of fats and oils could well be increased in the interests of good nutrition. Per capita consumption has increased somewhat in countries outside the United States, but further increases would be desirable from a dietary standpoint. For example, although per capita consumption in the Soviet Union has shown an increase in recent years, per capita consumption—at about 20 pounds—is still only about half the level of most West European countries and the United States. It remains to be seen if the USSR will choose to increase its fat intake per person or whether it will continue its exports of sunflowerseed and oils at unreasonably low prices.

Markets that are open for trade need to be expanded—and markets that are closed need to be opened. Trade in oilseeds was freed somewhat in the Dillon Round of negotiations back in the early 1960's. The trade door was opened wider in the Kennedy Round of discussions which ended in 1967, when the United Kingdom agreed to completely eliminate the import duty on soybeans and Japan, our major market, agreed to a 50-percent cut in the import duty on soybeans. Although we expect these duty reductions to speed the export of U.S. soybeans over the long run, they may add little to U.S. exports in 1968 and 1969, because the reductions in tariffs are scheduled to be implemented gradually over a 5-year period.

In early 1968, Secretary of Agriculture Freeman urged the Japanese Government to go beyond the concessions granted in the Kennedy Round and completely eliminate the import duty on soybeans. The Secretary pointed out that since we negotiated for the 50-percent reduction in the import duty on soybeans, the Japanese have imported substantial quantities of duty-free Soviet sunflowerseed at landed price (c.i.f. Japan) apparently well below the domestic or procurement price in the USSR. In our view, elimination of the import duty on soybeans in Japan is preferable to import restrictions on sunflowerseed. The Japanese trade and industry have indicated support for this position.

Protective tariffs

Some of the developing countries have erected trade barriers against efficiently produced soybean oil. Their domestic prices have risen as a result—the objective of the trade barriers no doubt. However, this prevents consumption of oil in some of these countries from rising to nutritionally satisfactory levels.

We are mindful that the Soviet Union exported more vegetable oil as oil in 1967 than did the United States. Russia is continuing to make major inroads in commercial soybean

markets of Western Europe by virtue of the trading policies I mentioned earlier. This trend may be expected to continue, although Russia's 1968 sunflowerseed crop appears to have been reduced somewhat from last year's by drought in the Ukraine and other producing sections. This could affect their 1969 oil supply.

Price support policies of importing countries can also create problems. The European Community in continuing the 1968-69 target price for rapeseed at $202.50 a metric ton (about double the Canadian landed price) aggravated an already bad vegetable oil situation. A target price so far out of line with world market prices can only contribute to a further expansion of rapeseed in the Community. France in 1967 and again in 1968 set a new record in rapeseed production, which is now more than triple the 1963 level. West German output also set a new record last year.

Continued production research on soybeans is needed. USDA's Agricultural Research Service has been supporting some very substantial work on soybeans in Indiana, Illinois, Mississippi, Florida, and other States. Much of this work is aimed at increasing soybean yields per acre. Increased production efficiency would permit more competitive pricing of soybeans, oil, and meal in domestic and foreign markets.

The average yield of soybeans in the United States is about 25 bushels per acre. If we can push soybean yields materially above that level, we enhance our ability to become more competitive in the market. That's especially important when it comes to the pricing of soybean oil.

U.S. price supports

Prices are at the heart of U.S. farm policies. On safflowerseed and sunflowerseed there are no price supports. These oilseeds are now weak competitors for farm resources. However, they may find a place in some areas of the country where soybeans are not well adapted. Price levels for oils will influence their production in future years.

Price support was made available on castor beans this year on an experimental basis. Support, at 5½ cents a pound, is limited to a quantity of castor beans having an oil equivalent of 30 million pounds—about 20 percent of annual U.S. consumption. The policy is to encourage production that will meet part of our current requirements while providing a base from which future production could be expanded, if necessary. Our research on castor beans is contributing, we feel, to more efficient production—not only in the form of improved varieties but also improved cultural practices and processing techniques, such as processing of the pomace or meal to make it suitable for livestock feeding.

On flaxseed, the present policy is to support prices at levels—currently $2.90 a bushel—that will maintain production sufficient to fill domestic demand and provide a moderate reserve. Production in excess of domestic requirements is available for export at world prices.

Cottonseed prices under our farm legislation are supported when soybean prices are supported, and vice versa. The support for cottonseed, currently at $48 a ton, is a price that permits this commodity to compete in the market on equal terms with soybeans and meal. Cottonseed, of course, is a byproduct of the production of cotton for lint. Therefore, the support level for this product has no influence on the volume of production.

It has been U.S. policy for many years to encourage expansion of U.S. soybean production in line with growing demand. In 18 out of the 27 seasons that soybean prices have been supported, the season average price has held well above the support price. The current price support of $2.50 a bushel was established several years ago in line with that policy.

In a broad sense, the U.S. policy on soybeans serves as a cushion or buffer for the worldwide variations in the supply-demand balances for fats and oils and for protein meals. The price support program for soybeans, therefore, has tended in the past to relieve the world market of the burden of any temporary surplus when supply exceeds demand. It probably also has encouraged production outside the United States.

In developing policy from year to year, our concern relates to imbalances of supply and demand growing out of actions affecting production, consumption, and trade. These imbalances come not only as consequences of our own actions but also as the result of actions taken by other countries. I have mentioned the increase in Russian output of sunflowerseed and oil. I also would note the expansion of rapeseed production in Canada, France, West Germany, and Poland; and the increase in output of palm oil in Malaysia, which has now replaced Nigeria as the world's major exporter. In making our decisions, we obviously must weigh both domestic and foreign factors.

Other crops to consider

We must also take into account Government programs for other crops. Soybeans in the United States today constitute more than 20 percent of our total harvested acreage and rank second only to corn and wheat with respect to total acreage planted to cultivated crops. Soybeans could be planted on a much larger acreage. Thus, over the years, we have had to consider ever more carefully the effect of program provisions for several major crops on acreage planted to soybeans. This integration of soybeans into the overall decision making processes for price and income support will be sorely tested as decisions are made this fall or winter for 1969 programs.

Of course, as has so often happened in the past, we may soon have a dramatic upsurge in demand which would remove all worries about surplus supplies. Indeed, a look at the record of the past can teach us several lessons on how to be wise. For example, in 1959 soybean stocks had been built up to a level which appeared at that time to be a moderate surplus. The Administration then in office reduced the support level sharply to $1.85 per bushel. Planted acreage was reduced, yields dropped slightly, and in a few short months, soybeans were in short supply. We must not exchange our present problems for even more damaging ones. Under today's conditions, a moderate reduction in acreage planted to soybeans could result in the planting of several million additional acres to corn—which would place a sharp burden on the already overburdened feedgrain program.

Our interest in the world market for oilseeds and products is that of an efficient producer and a reliable supplier, responsive to competitive conditions in a changing world. We do not support the view that the world is oversupplied with fats and oils and that therefore it should impose production or trade restraints. When we look at the low levels of consumption in many areas of the world, we can see that oilseeds and products have a tremendous potential for solving some of the world's serious nutritional problems. Therefore, we must combine our resources to meet needs of people everywhere.

Viewpoints at the Congress

How AID Uses High-Protein Oilseeds To Improve Diets

Diets in most developing countries are not only deficient in calories but in essential proteins as well. An important part of our War on Hunger effort is aimed at combating malnutrition and under-nutrition, particularly among children.

Under the U.S. food aid program some 48 million children in 106 developing countries were fed nutritious foods during fiscal year 1968. Featured in this program are some specially designed formulated foods. With the help of private industry we have developed a number of new food products which, when included in diets in small amounts, can correct major dietary deficiencies.

A new high-protein blended food called CSM is of special interest because we have just recently revised the formula to include 5 percent soy oil. The rest of the ingredients are: 64 percent cornmeal, 24 percent soya flour, 5 percent nonfat dry milk, and 2 percent minerals and vitamins.

We have shipped CSM to more than 100 countries in our food aid program, and we have shipped some 512 million pounds of it (through May 1, 1968). Reports on its acceptability have been universally favorable.

There are several other foods and beverages. A new wheat-based food supplement, called WSB for wheat-soy blend, uses either regular wheat flour or bulgur flour blended with wheat protein concentrate, soy flour, and soy oil. WSB is supplemented with the same vitamins and minerals used in CSM, and both have a minimum protein content of 20 percent and a minimum fat content of 6 percent. Incaparina, made of cottonseed flour, corn, terula yeast, and lysine, is being marketed in Guatemala and Colombia. Pro-Nutro, an enriched product, has sold well in South Africa; and 60 million bottles a year of Vitasoy, a soy-based beverage, are selling in Hong Kong.

Preparation of the formulated foods is quite simple. Since they are partially precooked, it is necessary to simmer them in hot water only for a minute or two—a definite advantage in developing countries where fuel is expensive and cooking facilities limited.

Private industry is developing, testing, and eventually will produce for commercial distribution, low-cost, high-protein foods and beverages. Under AID incentive contracts, food processors receive grants to survey the market, determine costs and availability of indigenous commodities, and develop and test the market for prototype foods and drinks.

Special formulated foods offer one means of ameliorating malnutrition in the less developed countries. Oilseeds are a major source of the protein the developing nations must utilize to overcome malnutrition.

According to Dr. Aaron Altschul, a nutrition expert and a Special Assistant to the Secretary of Agriculture, oilseeds alone could furnish 25 million tons of protein—as much as man presently secures from animals.

Fortunately, oilseeds are strategically located in the areas of need. In many countries where meat, milk, and eggs are scarce and beyond the means of most people, high-protein oilseed crops exist in great quantity. The world's greatest coconut producers are highly populated, developing countries —the Philippines, Indonesia, India, and Ceylon.

Intensive research and development work is required, however, in order to exploit the potential which oilseeds offer as a source of proteins.

Vegetable oils also have an important role in our AID program. Since the beginning of P.L. 480 in 1954 approximately $1.5 billion of vegetable oils and fats have been moved under the program. Title I sales have accounted for the lion's share—about 75 percent. The remainder have moved under Title II donation programs and barter. Utilization of vegetable oils in our donation programs is receiving increased emphasis. In fiscal year 1967, for example, about $130 million of vegetable oils were exported under P.L. 480. More than one-third of this, or about 275 million pounds, was accounted for by the donations programs.

—Based on a speech by IRWIN R. HEDGES
Office of the War on Hunger, AID
before the IASC Congress

Japan's Oilseed Requirements

The Japanese oilseed processing industry continued its steady growth in 1967, and it is expected that the total volume of crushings in 1968 will increase by 6 to 7 percent. The continued growth of the industry is due to the expanding demand in the domestic market for both edible oils and oilseed meals.

The most outstanding feature in the Japanese fats and oils industry in 1967 was the importation of large quantities of Russian sunflowerseed for the first time. In contrast to the sharply increased crushings of sunflowerseed and safflowerseed, the processing of soybeans showed only a small increase of 3.3 percent due to the relative disadvantage of processing U.S. soybeans in 1967. In 1968 the crushing of Russian sunflowerseed may exceed the level of 80,000 tons.

In 1968 the total volume of oilseeds processed in Japan may reach 3,400,000 tons as compared with 3,190,000 tons crushed in 1967. The crushings of rapeseed, rice bran, soybeans, sunflowerseed, and corn germs are expected to increase by more than 10 percent, while the processing of safflowerseed will be sharply lower because of the reduced availability from the United States.

According to the estimates made by the Japan Oilseed Processors Association, the total demand for edible oils and fats will reach 1,097,000 tons in 1971, of which 832,000 tons will be vegetable oils, as against 635,000 tons in 1967. The balance will consist of animal fats, fish oils, and whale oils. The consumption of oilseed meals is also expected to match the increase of demand for edible vegetable oils in the future in line with the growing demand for mixed feeds by the poultry and livestock industry.

Since the domestic supply of oilseeds is quite limited, increasing requirements for raw materials must necessarily come from abroad. Therefore, Japanese processors are vitally interested in the free and friendly international trade of oilseeds of standardized quality at stable prices.

—Based on speech by MOTOTARO SUGIYAMA
Japan Oilseed Processors Association
before the IASC Congress

Filipinos Work for Efficient Coconut Oil Industry

The coconut industry is one of the major props of the Philippine economy. It is the source of livelihood of approximately 12 million Filipinos, or almost one-third of our present population of 35 million. It occupies a premier position in our agriculture. As of 1967, 1.8 million hectares (roughly 4.5 million acres), or approximately 72 percent of our total agricultural land, were planted to an estimated 244 million coconut trees. Annual production is 7.5 billion nuts, equivalent to 1.5 million tons of copra, with 84 percent of this moving into exports last year. Copra exports earned a total of $215 million, or 26 percent of the country's total foreign exchange earnings.

Considering its major contribution to the national economy, one would expect coconut agricultural production in the Philippines to be most advanced. But the contrary is true. The average cultivation of a coconut farm in the Philippines is primitive, bypassed by the aids and techniques of modern agriculture.

We further neglect the potential value of the coconut by processing it in a most antiquated and crude manner. Both oil and copra cake contain dirt and foreign matter that require extensive cleaning and filtering to be made edible.

Looking at the overall picture during the last decade, we find that world copra production averaged 3.36 million tons in 1964-66, or exactly the same amount as in 1955-57. On the other hand, world production of fats and oils increased by about 30 percent during the past decade with soybean oil, cottonseed oil, and animal fats showing the sharpest gains. Coconut oil's share of total fats and oils production declined from nearly 8 percent in 1955-57 to 6 percent in 1964-66. One cannot find a clearer instance of the widening gap between the economies of developing and developed countries.

Faced by these serious threats to the solvency of the coconut industry, coupled with the rapid increase of our population, we in the Philippines are determined to change the situation. We want the coconut industry to get into the mainstream of economic development.

The logical first step has been to increase production and productivity. Areas planted to coconut have increased from 992,000 hectares in 1957 to 1.8 million in 1967. This means that we can expect an upward trend of coconut production in the middle 1970's.

The government, in cooperation with the private sector, has launched a vigorous program to increase productivity through the use of agricultural inputs, such as tractors, fertilizers, pesticides, and improved seed varieties.

We are thus trying to move one step away from being mere raw material exporters, as we have been for over a hundred years in the case of copra. Our country hopes to begin processing such materials and exporting them in semi-processed form, such as coconut oil.

—Based on speech by SENATOR EMMANUEL PELAEZ
Republic of the Philippines
before the IASC Congress

Better Yields Boost Romanian Oilseed Crops

In recent years, Romania has made great strides in expanding its oilseed crops—gains which are largely the result of higher yields and are mirrored in a growing export trade.

Whereas up until 1959, it was shipping out only small quantities of sunflowerseed and also importing some, Romania in the following year was producing enough of the product to allow for exports of sunflowerseed oil. From that start, the country went on to become world's third largest exporter of the oil. Through similar efforts, it also has become first in Europe and third in the world for castor oil exports, as well as fourth in Europe and fifth in the world for lard.

Gains came as a result of more intensive production efforts. Agricultural enterprises were supplied with high-quality varieties, while irrigation and use of fertilizers were increased. The result was a jump in output to about 670,000 tons for the entire seed crop in 1967—or three times the 1950 level—while actual area declined by about 30,000 hectares. Average productivity, at about 1,440 kilograms per hectare, exceeds the world average by about 25 percent.

As a sunflowerseed producer, Romania is in third place, with 7 percent of total production against 67 percent for the USSR and 10 percent for Argentina.

Romanian output of sunflowerseed oil amounted to 220,000 tons in 1967, or about 100,000 more than in 1960. This gain, while reflecting growth in sunflowerseed output, also came as a result of modernizing of existing factories, expansion in production capacities, and better location of plants near sources of raw material.

Looking to 1975-80, some of the factories now considered outmoded are to be closed and replaced with other units with higher outturns. At the end of this year, a factory with a capacity of 400 tons per 24 hours will be put into operation in Sloboizia, and for the coming years, two other factories are to be built and put into operation in Constantza and Banat, each with a capacity of 400 tons per 24 hours. At the same time, existing factories will be modernized and enlarged so as to assure a 60-percent growth in capacity between 1965 and 1975.

Romanian exports of sunflowerseed oil in 1967 amounted to nearly 110,000 tons—an increase of about 50 percent from 1966 and about three times the 1961 level. Today, the country's product is known in 14 European and non-European countries.

Romania's gains have been part of the overall expansion in world sunflowerseed oil trade. The total export of edible vegetable oils in 1967 was up nearly 8 percent from 1966 and about 18 percent from 1965, but trade in sunflowerseed oil grew 20 and 140 percent, respectively. This tendency is expected to continue in 1968: forecasts are that total world exports of edible vegetable oils will be up about 270,000 tons from 1967, with sunflowerseed oil accounting for 140,000 tons of that gain.

The product does, however, have limited possibilities in the EEC because of the compensatory tax applied by the Community against sunflowerseed oil.

—Based on a speech by A. CIMINIAN
General Manager of Romania's Produce Export Agency
before the IASC Congress

Record World Wheat Crop in the Making

World production of breadgrains—wheat and rye—is moving toward a new record of 324 million metric tons this year, judging by crop information available in mid-September. Making up the record total is an expected 294-million-ton wheat crop and rye production estimated at 30.2 million tons.

The prospective wheat crop is 6 percent above the 1967 harvest and 3 percent above the previous record of 1966. World wheat acreage continued an uptrend in 1968—to an estimated 540 million acres, 2 percent more than in 1967, 4 percent larger than in 1966, and 7 percent above the 1960-64 average. World wheat yield is estimated at 20 bushels an acre—up 4 percent from 1967. World rye area at 55.5 million acres was 1 percent below 1967, continuing the general downtrend.

Wheat production

In the Northern Hemisphere, weather conditions generally favored wheat production in 1968. Plentiful moisture improved growing conditions in Canada and parts of the United States as compared with last year. Favorable conditions prevailed in northern and western Europe and in much of the spring wheat area of the Soviet Union. Unusually good rains produced exceptional harvests in India and Pakistan. On the other hand, limited moisture supplies have reduced yields variously in countries in an area extending from Austria and Italy to Syria and Israel. In the Southern Hemisphere, the main producing countries have had plentiful rainfall so far.

In *North America* wheat production totaled 63.0 million tons, up 5 percent, despite a decline in acreage. The Canadian crop, at 17.7 million tons, is indicated up 10 percent, with a 12-percent improvement in yield. Wet weather and freezing could possibly modify the current crop estimate, which is 21 percent below the 1966 record.

The U.S. wheat crop is estimated at a record 43.5 million tons, 5 percent above the previous high last year; acreage was reduced 5 percent. The U.S. yield rose 10 percent to a record 28.5 bushels per acre in response to generally good growing conditions. The previous high yield of 27.5 bushels per acre occurred in 1958. Mexican wheat production is estimated at 1.8 million tons, down 13 percent, reflecting both reduced acreage and yield.

The *European* wheat harvest is placed at 69.5 million tons, down 4 percent; wheat area at 70.6 million acres was up 2 percent, continuing an uptrend. The West European crop totaled 46.4 million tons, down 2 percent; yield declined 3 percent from last year's high. Heavy rains during harvest were troublesome in some areas, but damage affected quality more than quantity.

Production in the Common Market countries was less than 1 percent below last year's high although acreage was increased 5 percent. In France, Spain, the United Kingdom, and Sweden, wheat crops were little changed from last year's high levels. West Germany had a record harvest of 6.1 million tons, up 4 percent from last year; yield was a record 61.5 bushels per acre. The Italian crop at 9.2 million tons was 4 percent lower than in 1967; drought reduced yields in southern areas. Limited moisture also cut production and yields sharply in Austria and Greece.

The East European wheat crop is estimated at 23.1 million tons, down 8 percent on a 4-percent larger acreage. Yields in the northern countries of the area were near last year's record levels. The Yugoslav crop on record acreage was down 9 percent to 4.4 million tons, as drought cut the yield by 15 percent. Yields in Bulgaria, Romania, and Hungary were similarly affected by inadequate rainfall.

Wheat production in the *Soviet Union* is currently estimated at 65.0 million tons. The winter wheat crop was reduced somewhat—mainly by moisture shortage—but conditions were generally favorable in much of the spring wheat areas; apparently the total crop will be slightly larger than last year.

In northwestern *Africa*, good rains brought large wheat harvests in Morocco, Algeria, and Tunisia. Morocco's crop was exceptionally high at 2.4 million tons.

In the countries of western *Asia*, wheat yields were reduced generally by moisture shortage. The Turkish crop at 8.6 million tons was off 6 percent on moderately increased acreage. With favorable weather, Iran produced 4.4 million tons, 10 percent more than last year. In India uncommonly good rainfall, application of improved technology, and an 11-percent increase in acreage resulted in an estimated record 17 million tons of wheat, 47 percent above the previous year. Similarly, Pakistan produced a record crop of 6.4 million tons, 45 percent more than last year on a 15-percent greater acreage.

While it is too early to forecast wheat production in the Southern Hemisphere with certainty, good crops are anticipated when harvests begin in November. In Argentina, the prospect is for a harvest considerably improved over last year on slightly lower acreage. Australia has planted a record acreage and if circumstances continue favorable production may well exceed the 12.7-million-ton record of 1966.

Rye production

The *North American* rye crop is placed at 950,000 tons, about unchanged, although acreage declined 7 percent. The Canadian rye crop is reported at 337,000 tons, unchanged from 1967; improved yield compensated for a 10-percent decline in area. U.S. rye production at 613,000 tons is barely above that of last year; acreage declined 5 percent.

European rye production is estimated at 16 million tons, down 2 percent; acreage also declined 2 percent. The West European harvest is placed at 5.4 million tons, 1 percent below last year's. The West German crop at 3.1 million tons was 1 percent lower than in 1967 although yield was at a new record. French production declined 8 percent. The Spanish outturn was up 18 percent on sharply improved yield.

Eastern Europe's rye production is estimated at 10.6 million tons, down 3 percent. Crops in the principal producing countries—Poland, East Germany, and Czechoslovakia—are reported near the last year's level. The *Soviet Union's* rye crop currently is expected to be little changed from 1967. Turkish rye production is placed at 780,000 tons, down 4 percent. The *South American* rye harvest is expected to be higher because of improved moisture supplies.

—By Ansel S. Wood
Grain and Feed Division, FAS

A detailed table of world breadgrain production and acreage appears in the September 1968 issue of *World Agricultural Production and Trade: Statistical Report.*

In proposed Annual Plan—

India Gives Highest Priority to Agriculture

Some $643.2 million, 20.6 percent of a total outlay of $3.1 billion, has been allocated for agricultural programs, community development, cooperation, irrigation, and flood control in the Annual Plan, 1968-69, presented to the Indian Parliament on August 1. In addition, finances have been provided in the industrial sector for production and supply of such agricultural inputs as fertilizers, pesticides, and agricultural implements. An outstanding feature of the new plan is the provision for an additional $186.2 million for building up buffer stocks of foodgrains.

The new plan, prepared by the Planning Commission, envisages a 7- to 8-percent growth in agricultural production in 1968-69 and a 5-percent rate of growth in the national income. Its overall approach is to secure a feasible rate of growth without generating inflationary pressures. Since India's resources position continues to be difficult, effort is aimed primarily at fuller utilization of the infrastructure already created and filling gaps in the economy to facilitate future development.

The new plan is the last of the series of Annual Plans formulated since the close of the Third Five-Year Plan. The Fourth Five-Year Plan, which had to be postponed because of the failure of the agricultural sector for 2 successive years and the difficult resources position, will commence on April 1, 1969. The success of the 1968-69 Plan is vital for insuring a suitable base for the Fourth Plan.

INDIA: AGRICULTURAL TARGETS AND ACHIEVEMENT

Item	1967-68 estimated achievement	1968-69 target
	Million metric tons	*Million metric tons*
Production:		
Foodgrains	[1]95.6	102.0
Sugarcane (in terms of gur)	9.0	12.5
Oilseeds	8.6	10.0
	Million bales [2]	*Million bales* [2]
Cotton	6.3	6.7
Jute (excluding mesta)	6.1	6.9
Development programs:	*Million acres*	*Million acres*
Minor irrigation (potential) —additional area	3.0	3.6
Soil conservation on agricultural lands—additional area	3.5	3.4
Multiple cropping—additional area	7.19	15.0
High-yielding varieties program, level reached	15.0	[3]21.0
Green manuring, level reached	21.7	25.4
Plant protection operations	90.0	135.0
	Million metric tons	*Million metric tons*
Fertilizer consumption:		
Nitrogen	1.15	1.70
P_2O_5	.40	.65
K_2O	.20	.45
Urban compost	3.9	4.6

[1] Official estimates. Unofficially, foodgrain production is estimated at around 100 million tons. [2] Each bale about 397 pounds. [3] Includes 8.5 million acres under rice, 5 million acres under wheat, and 7.5 million acres under corn, grain sorghum, and millet.

Agricultural production targets fixed for 1968-69 appear to be highly ambitious. Growing conditions in 1967-68 were exceptionally favorable, and the expectation that crops in 1968-69 will be still larger looks rather overoptimistic.

Package approach

Raising agricultural production with a view to speedy reduction of dependence on imports of grain continues to be a major planning objective.

Agricultural production programs will be based on the "new strategy" aimed at raising the per-acre yield of foodgrains and commercial crops through intensive measures embodying the package approach (the use of concentrated modern farming techniques in "packages of practices"). Special emphasis will continue to be put on high-yielding varieties and multiple-cropping programs, which (along with favorable rainfall) brought about a spectacular increase in agricultural production during 1967-68.

Chemical fertilizers, pesticides, and other agricultural inputs still fall short of increasing requirements. Indigenous production of such inputs is to be expanded through fuller use of existing capacity. Imports will be financed on a priority basis to compensate for production deficits.

Plan financing

The Central and State Governments are expected to provide about $1.5 billion from their domestic budgetary resources toward the $3.1 billion needed to finance the 1968-69 Plan. External assistance is estimated at $1.2 billion, including P.L. 480 aid valued at $362.6 million. The balance of $409.7 million is expected to be met by deficit financing.

In view of inadequate Plan resources, development programs pertaining to minor irrigation, land developments, fisheries, animal husbandry, and horticulture involving large amounts of long- and medium-term loans are proposed to be financed by loans to be made available by such agencies as cooperatives, land mortgage banks, Agro-Industries Corporation, and an Agricultural Refinance Corporation. Institutional credit likely to be made available by these agencies is estimated at $160 million compared with about half that in 1967-68.

To further reduce the draft on Plan resources, subsidies have been removed on inputs, such as fertilizers, improved seeds, and popular pesticides. Subsidies on certain types of farm implements and equipment have been reduced and restricted to backward areas or to the poorer sections of the rural population. The planners feel that outlays in the State plans and credit available from institutional resources will be adequate to meet requirements of agricultural programs in different States.

Storage and irrigation

Work for expansion of storage and warehousing facilities is to be taken up on an urgent basis. Nearly $2 million has been allocated for programs to be undertaken by the Union Department of Food, Food Corporation of India, and the Central Warehousing Corporation. This will supplement the

activities of the various State warehousing corporations to be financed with their own resources.

Minor irrigation programs will receive increased attention under the 1968-69 plan. Successive droughts in 1965-66 and 1966-67 in many parts of the country highlighted the role of minor irrigation works, such as wells, tubewells, and pumpsets. The impact of the high-yielding varieties program and the double- and multiple-cropping program has accentuated the demand for an assured water supply. Therefore, besides Plan resources, efforts are being made to mobilize additional loans for minor irrigation works from the commercial banks, Life Insurance Corporation, and Agricultural Refinance Corporation.

The emphasis of major and medium irrigation projects continues to be on completion of existing projects in an advanced stage of construction and speeding up use of potential already created. The 1968-69 Plan anticipates 2.2 million acres of additional irrigation potential from the major and medium irrigation projects plus 1.8 million acres of additional utilization of potential already created.

—Based on dispatch from JAMES H. BOULWARE
U.S. Agricultural Attaché, New Delhi

New Markets for Argentina's Cooked-and-Frozen Beef

Japan and Canada have agreed to permit entry of cooked-and-frozen beef from Argentina, following a study of the product by both countries. Until now these countries have declined to import Argentine beef because of the foot-and-mouth disease problem. A factor in the negotiations that led to the two new outlets was Argentina's unfavorable balance of trade with both countries. In the past, the cooked-and-frozen beef has been sold almost entirely to the United States.

Japan and Argentina have signed an accord covering sanitary requirements. Although quantities to be shipped were not specified, reportedly an initial quantity of 500 metric tons will go to Japan at a price of $1,180 per ton. One Argentine estimate is that trade can reach 5,000 tons annually.

The Canadian Government has officially authorized import of the Argentine cooked-and-frozen beef after October 7, 1968. The authorization followed a visit by Canadian sanitary officials to Argentina earlier this year. Unofficial estimates place the potential of the Canadian market at $3 million to $5 million annually.

In the first 6 months of this year, cooked-and-frozen beef was the only category of meat exports that was higher than in the first 6 months of 1967. While total exports of Argentine meat were only 50 percent as large in the first half of 1968 as in the first half of 1967, cooked-and-frozen beef exports more than doubled. Over three-fourths of Argentine meat exports consist of beef.

Other meat-export developments

Traditionally, the two markets of greatest importance for Argentine beef are the EEC and the United Kingdom.

In the first half of 1968, EEC purchases were 62,000 metric tons compared with 119,000 tons in the first half of 1967. The EEC market has been retarded by import restrictions. There is moderate optimism in Argentina that a sizable market can be maintained, although admittedly the 1968 total will be under that of 1967. The Argentines expect to take advantage of the EEC exemption from special import duties of frozen beef for processing and to explore the possibilities for nontraditional meat items, such as cuts and cooked-and-frozen meat. For the long run they see the EEC as a continued deficit beef area and their prospects as a supplier good.

The major reason for the decline in beef exports to the United Kingdom was the ban on imports from countries with foot-and-mouth disease. After the ban was lifted in mid-April, the Argentines refused to resume shipments of chilled beef to Smithfield on the traditional consignment basis; as a result trade has been minimal. There is no break in sight on this impasse with the United Kingdom, although it would be surprising if the Argentines did not make an effort to restore their position as a supplier.

Meat sales to the United Kingdom are now largely confined (except for canned meat) to a small volume of cuts that are sold on an f.o.b. basis rather than on consignment. The industry plans to emphasize exports of cuts instead of carcass beef to the United Kingdom as well as to other markets.

The temporary restrictions on imports of meat by Peru and Chile imposed earlier this year have been lifted. Approximately normal shipments to Peru have been resumed. The previously agreed on exports to Chile for the July-September quarter were 5,860 tons of meat and 10,720 head of live cattle. In view of the interruption caused by the ban it is uncertain whether these quantities will be achieved.

So far concern in the government and industry over the decline in meat exports in 1968 has not been as pronounced as might have been expected. From the government viewpoint, the reason probably relates to the economic stabilization program. Curbing of inflation is an objective of highest priority in this program. Beef is one of the biggest items in the cost-of-living index. Beef prices have remained relatively stable this year, which might not have been the case if a larger export demand were competing for the cattle supplies. Thus, the lower export level, while regretted, is to an extent rationalized as not unfavorable to the stabilization program. This consideration has also worked against price cutting to spur export sales.

—Based on a dispatch by JOSEPH C. DODSON
U.S. Agricultural Attaché, Buenos Aires

Livestock Program in Kenya

Kenya will initiate a long-term livestock development program with the help of $7.2 million in credits from Sweden and the International Development Association (IDA's first venture into livestock development in Africa).

The first stage will be a pilot project, which, if successful, could provide the basis for further livestock development in Kenya and be adapted for similar African undertakings.

Credits will fund improved livestock marketing and transport facilities; range water survey and development, and technical services related to range development. About 60 enterprises operating on 2 million acres will invest in facilities for stock watering, dipping, spraying, and handling; firebreaks; upgrading bulls; fencing; and purchase of equipment.

Both long-term development loans and short-term credits will be received to meet working capital requirements.

Three generations of men build a road to market for their sheep, wool, potatoes, and beans. Part of their reward will be Cooperación Popular's red-and-white sign beside the finished road: "El pueblo lo hizo." The people built it.

"Road, I have awaited you all my life. You come late, but I still love you."

Peru's Highways in the Sky

The Peruvians on this page are building a rough dirt road which will be as much their highway to hope as it will be a link between the tiny Andes villages of Talhuis and Raquina. Like rural citizens of the interiors in many less developed nations, these men are working their way out of isolation and bare subsistence into the mainstream of their nation's economy. The World Food Program—a development-through-food venture of the United Nations and the Food and Agriculture Organization—is helping them.

Cooperación Popular is the Peruvian agency directing the development of the country's interior. The World Food Program's role is to help Cooperación Popular sustain the villagers' determination to keep at it. Some 4,000 men—with their families about 20,000 people—get paid in WFP rations for work on 51 roads totaling 870 miles through 37 sierra provinces.

FAO's Peyton Johnson tells more about Cooperación Popular in the September-October issue of FAO's *Ceres* magazine.

Bulldozer and hand picks, left, work side by side. Below, road workers get their wages—U.S. wheat flour, dried skim milk, and vegetable oil; Canadian fish and eggs; tins of Danish meat. (Photos: Peyton Johnson)

Team of European Spinners Visits U.S. Cotton Belt

Bringing over teams of foreign specialists to see the U.S. cotton industry in action is part of the market development program being carried on by Cotton Council International, in cooperation with FAS and the National Cotton Council. One such team—a group of West European spinners—is now winding up a 12-day cross-country tour.

The group's first stop was in Memphis, Tenn., where the American Cotton Shippers Association had arranged a full day of briefings. Next day, the team viewed cotton harvesting in Arkansas and then moved on to Mississippi. There it observed cotton breeding research facilities; research on quality improvement and mechanization at the Delta Branch Experiment Station; mechanical cotton picking and ginning on a large commercial operation; the ginning of machine-picked cotton at the U.S. Cotton Ginning Laboratory in Stoneville; and staple cotton marketing facilities in Greenwood, to see how samples are tested and marketed.

In Louisiana, the group saw the research being conducted on cotton and cotton products by the Southern Utilization Research and Development Division of USDA's Agricultural Research Service. In Texas, it is visiting the port of Galveston; the campus and textile research laboratory of Texas Technological College, the research center of Texas A&M University, and the USDA experiment station and ginning laboratory, all at Lubbock; and harvesting, ginning, compressing, and warehousing in the Lubbock area, followed by a visit to a cooperative marketing organization.

Last State on the schedule is California. Industry representatives at Bakersfield are sponsoring a field trip to show harvesting and ginning, gin pressing to high density, automatic sampling, package preparation and handling, and containerization. Two Fresno cotton oil operations are the final stop.

Team members are Rudolf Siegl, F. M. Hämmerle Textilwerke, Dornbirn, Austria; Pierre Dopchie, Filature Achille Dopchie, S.A., Renaix, Belgium; Theo Herbert, N. V. Kortrijkse Katoenspinnerij, Kortrijk, Belgium; Claude Labouret, Filature Vandendriessche, Saint Quentin, France; Jürgen Deitert, Firma H. & J. Huesker & Co., Gescher, Germany; Battista Somaini, Cotonificio Somaini, Lomazzo, Italy; H. J. Stroink, K.N.T.U. Spinners N.V., Enschede, the Netherlands; Gösta Persson, Gamlestadens AB, Norrköping, Sweden; J. Blumer, Blumer Söhne & Co., Rorbas-Freienstein, Switzerland; and Edmund T. Gartside, Shiloh Spinners, Ltd., Oldham, England.

The team was accompanied by W. Glenn Tussey of FAS's Cotton Division and three representatives of the National Cotton Council—Stephen Bowkett, Woody Reynolds, and Allen E. Beach. Mr. Bowkett is in charge of the office recently established by CCI at Waterloo, Belgium, with the purpose of servicing the cotton trade and industry in the countries of Western Europe.

American Precooked Poultry Makes a Hit in Sweden

Precooked poultry products from the United States—some being seen and tasted in the area for the first time—got a happy reception in Sweden last month in their first massive public testing. This occurred at Stockholm's 26th annual St. Erik's Fair, in the U.S. food exhibit.

Items up for display, sampling, and sale in the booth of the Institute of American Poultry Industries included three completely new to the Swedes—smoked turkey roll, smoked whole turkey, and precooked breaded chicken parts—in addition to the more familiar cooked and oven-roasted turkey and chicken rolls, already being used in restaurants and institutions but not yet widely consumer tested. Public response was so enthusiastic that supplies laid in for the duration of the Fair ran low in the first few days, and more had to be ordered. The trade, too, responded; queries ranged from a large food distributor to important stores, a major airline, and the country's top institutional supplier.

To show off the U.S. products, IAPI demonstrators prepared dishes based on them—some 15 different recipes using chicken and turkey rolls alone—while Fair visitors watched and waited for samples. As the photo shows, the IAPI area looked somewhat like a congenial buffet party, with "guests" trading favorable comments about the fare.

Sliced rolls were also offered for sale at a special introductory price, in 5-ounce packs that included two recipes for their use. Sales response was vigorous. Each day at the booth, some 15 to 25 purchasers were asked for their opinions of the products, and the findings of this survey will help set a pattern for future poultry marketings in Sweden.

An added boost came from special American menus served during the Fair period at three of Stockholm's finest restaurants. Offered by the owner with other American dishes were chicken gumbo, chicken Maryland, chicken a la king, and breaded turkey steak.

Minnesota's delegates (left) had no trouble distributing the tasty snacks prepared from their State's well-known processed foods; and honey demonstrators (above) were kept bee-busy passing out samples and explaining why they had so many kinds of honey.

U.S. Foods Find Germany's IKOFA a Big Showcase

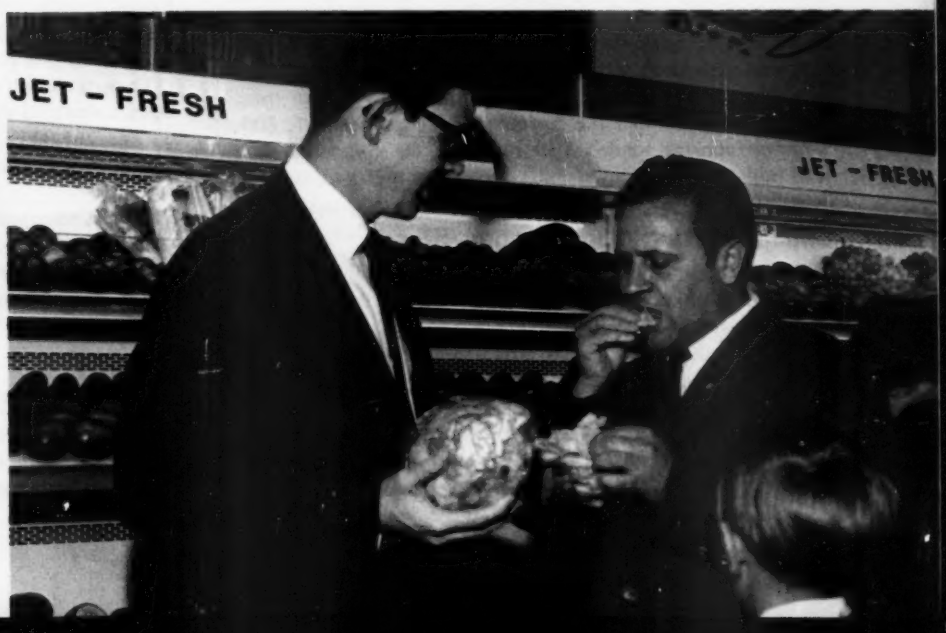
Largest on USDA's fall fair schedule was IKOFA, the international food fair held at Munich, West Germany, every other year. At this year's Fair, held in September, 68 U.S. firms showed some 300 products to an estimated 140,000 people—about three-fourths of the total attendance at the Fair. Among them were about 500 representatives of the West European food trade who registered in the "Trade Only" area. These direct contacts will produce at least $3 million in U.S. export sales during the next 12 month, participating firms say.

Five States—Illinois, Iowa, Maryland, Minnesota, and Pennsylvania—joined the parade of U.S. participants; and five U.S. trade associations—the California Raisin Advisory Board, the Institute of American Poultry Industries, the Michigan Bean Shippers Association, the Soybean Council of America, and the U.S. Honey Industries—cooperated with FAS in sponsoring the U.S. show.

From a head-count of samples and sales, especially appealing U.S. items were *spritzkuchen* (German-style doughnuts) fried in soybean oil; navy beans; honey; raisins and raisin bread toast; poultry sandwiches and dishes; and whatever the demonstration kitchen prepared.

Anneliese Fleyenschmidt, popular TV personality, describes U.S. exhibit for an estimated 8½ million news viewers.

Above, Switzerland-based food broker confers with German tradesman; at right, visitor samples iceberg lettuce and admires the wide range of fresh fruits and vegetables flown in by Seaboard.



CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between September 24 and October 1, 1968, offer prices of wheat in Rotterdam declined. U.S. Hard Winter decreased 2 cents while Soft Red Winter and Canadian Manitoba dropped 1 cent. Argentine declined 4 cents. U.S. Spring remained unchanged. USSR 121 was unquoted.

U.S. corn was down 1 cent while Argentine increased 2 cents. South African white was unchanged.

A listing of the prices follows.

Item	Oct. 1	Sept. 24	A year ago
	Dol.	*Dol.*	*Dol.*
Wheat:	*per bu.*	*per bu.*	*per bu.*
Canadian No. 2 Manitoba	2.02	2.03	2.13
USSR 121	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.94	1.94	2.04
U.S. No. 2 Hard Winter, 14 percent	1.93	1.95	1.98
Argentine	1.78	1.82	1.82
U.S. No. 2 Soft Red Winter	1.78	1.79	1.77
Corn:			
U.S. No. 3 Yellow	1.18	1.19	1.37
Argentine Plate	1.39	1.37	1.74
South African White	1.39	1.39	(1)

[1] Not quoted.

All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

India's Revised 1968 Oilseeds Estimates

According to the final estimates released by India's Directorate of Economics and Statistics, mustard and rapeseed production reached 1.48 million metric tons in 1968, an increase of nearly 21 percent over the 1.23 million produced a year earlier. Acreage totaling 7.9 million acres was 7 percent higher than last year.

Sesame production, estimated at 421,400 tons, was up slightly from the 416,000 produced in 1967, although acreage declined about 4 percent owing to the unfavorable weather during sowing time. Sesame acreage is estimated at 6.6 million acres compared with 6.9 million in the previous year.

Safflowerseed produced in 1968 increased to 75,200 tons, 4 percent higher than the revised 1967 estimate of 72,300. Safflower acreage totaled 1.19 million acres compared with 1.18 million a year earlier.

Chilean Cotton Consumption Steady

Chilean cotton consumption in 1967-68 (August-July) is estimated at 130,000 bales (480 lb. net), about the same level as a year earlier. Mill offtake reached a high of 107,000 bales in 1953-54, then experienced a 5-year downtrend to 55,000 bales in 1958-59 before the uptrend to the 1966-67 level began. The increase in consumption of cotton was partly a result of favorable government programs and policies. At the present time, retail prices of basic cotton materials are controlled by the government, while most printed and luxury type cotton goods are not controlled. Cotton manufacturers are required to maintain an established ratio between production of controlled and uncontrolled goods.

The leveling off of cotton consumption in 1967-68 is primarily a result of an increase in the use of synthetic fibers. According to trade sources, most of the small mills are using synthetic fibers almost exclusively because of attractive credit terms. A 5-month delay in congressional approval of wage readjustments to compensate for inflation also slowed general demand for textiles.

All the cotton consumed by the mill industry is imported because Chile does not produce cotton. Cotton imports in 1967-68 are expected to be around 130,000 bales, compared with 125,000 the previous year. This cotton comes primarily from Peru and Mexico. In 1966-67, 66,000 bales were imported from Peru and 57,000 from Mexico. Chile used to import large quantities of cotton from the United States but, since the Latin America Free Trade Association was established, imports from the United States have amounted to around 2,000 bales a year.

Chile has recently doubled the import duties on all merchandise imported from non-LAFTA countries. This means that cotton imported from the United States will now have a duty of 10 percent on the value instead of 5 percent as in the past.

Guatemala's Cotton Crop Increases

Guatemala's 1968-69 cotton crop is forecast at 365,000 bales (480 lb. net), the third consecutive year of a production increase. This season's crop compares with an outturn of 350,000 bales produced in 1967-68 and a 1960-64 average of 220,000. Production increases have resulted from the larger area planted to cotton and also higher yields.

The planting of the 1968-69 crop was completed in early August. Area devoted to cotton is estimated at 230,000 acres, against 215,000 in 1967-68 and a 1960-64 average of 157,000. Recent reports indicate that with the exception of a small outbreak of white fly and heavy rainfall in some areas, this season's crop is progressing favorably.

Exports during the 1968-69 season are forecast at 320,000 bales, compared with estimated shipments of 300,000 in 1967-68 and 265,000 in 1966-67. During the past season, Japan and Italy continued as the major markets for Guatemalan cotton.

Mill consumption of cotton during the 1967-68 season is estimated at 40,000 bales, compared with 35,000 the preceding season. The increase in consumption is attributed to full operation of the new textile factory in Antigua. Consumption in 1968-69 is forecast at 45,000 bales.

Australia's New Dairy Subsidy

Whole milk products from Australia in addition to butter and cheese will now be more competitive in the world market. New government action provides for the payment of an export

subsidy on processed whole milk products which up to now have been excluded from subsidization. Butter and cheese also receive a subsidy for production under the Dairying Industry Act.

The Processed Milk Products Bounty Bill of 1968 resulted from a proposal by the Australian Dairy Industry Council that the government help manufacturers of processed milk products export competitively in the world market. According to Minister for Primary Industry J. D. Anthony, the dairy industry has suffered from subsidized competition in export markets to such an extent that the amount of exported processed whole milk products with butterfat was 18 percent lower in 1967-68 than in 1966-67. The loss of these export markets has resulted in an inevitable flow of butterfat back into butter production, adding to the worldwide surplus.

The new legislation will not require any additional government expenditure, but will allow a maximum usage of the A$800,000 (almost US$900,000) appropriated each year for dairy subsidization. Products to be included will be determined under the revised regulations to be issued from time to time by the Department of Primary Industry on the recommendations of the Australian Dairy Produce Board. The range of such products has not yet been announced, but it will likely apply to condensed and evaporated milks, powdered whole milk, and the goods that are manufactured from these products.

Meat Imports Subject to Quota Up in August

U.S. meat imports subject to quota restrictions in August 1968 totaled 108.6 million pounds. This was an increase of 18 percent above the same month last year when imports totaled 92.2 million pounds. Imports for the first 8 months of 1968 totaled 651.6 million pounds compared with 558.6 million for January-August 1967, an increase of 17 percent.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	August	Jan.-Aug.
	Million pounds	*Million pounds*
1968:		
Subject to Meat Import Law [1]	108.6	651.6
Total beef and veal [2]	113.2	717.8
Total red meat [3]	145.4	1,009.3
1967:		
Subject to Meat Import Law [1]	92.2	558.6
Total beef and veal [2]	100.1	608.2
Total red meat [3]	130.9	870.3
1966:		
Subject to Meat Import Law [1]	87.1	525.1
Total beef and veal [2]	96.3	555.7
Total red meat [3]	121.6	830.8

[1] Fresh, chilled and frozen beef, veal, mutton and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton and goat.

Drought Hurts Spain's Lemons

The worst drought since the turn of the century is damaging citrus crops in the Vega del Segura area of the Spanish Provinces of Alicante and Murcia. Together these Provinces account for about 80 percent of the Spanish lemon crop. In some instances lemon trees have been damaged so severely that recuperation is at least 2 or 3 years away.

Preliminary estimates indicate that the area's citrus crop, mainly lemons, will be 15 to 20 percent below that of a normal year. Other fruits and vegetables have also been damaged, and in some cases crops have not even been planted because of the drought. The area is one of the most important vegetable canning centers in the country.

Irrigation water supplies were exhausted in August, and the government only last month approved the first step in costly operations to replenish the Segura watershed. Farmers have already requested government assistance since many of the crops cannot be saved even if the autumn rains are abundant.

Greece Sets Special Sultana Support Levy

A special support levy of 45 cents per pound has been established for all Greek sultana exports in 1968. This is to cover increased packing costs and improve the quality of the exported product. A total of $700,000 is being allocated to provide for the 70,000-metric-ton export that is currently forecast.

Iran, Turkey Harvest Bumper Pistachio Crops

Iran and Turkey, the world's main suppliers of pistachios, are both harvesting excellent pistachio crops this year. The Iranian output is estimated at 16,000 short tons in-shell basis —equaling the record 1966 crop. The Turkish crop, set at 10,000 tons, is the largest in the past 7 years. These two countries depend heavily on the United States as their only large pistachio outlet, and the United States in an average year receives seven-eighths of its supplies from them.

Cameroon Increases Cocoa Producer Prices

The Cameroon Government has increased cocoa producer prices for Eastern Region farmers to 70 CFA francs per kilo (U.S. 12.86 cents per lb.) for grade 1 cocoa from 65 CFA francs (11.94 cents) paid to growers during the past 2 years. The new prices were effective on September 16—the beginning of the 1968-69 Cameroon cocoa harvest season.

The increases were in line with those given to cocoa farmers in other major West African producing countries, in view of the continued firming of world prices this year.

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U.S. 1968 Meat Import Estimate Revised Upward

Secretary of Agriculture Orville L. Freeman has announced that the fourth quarterly estimate of meat imports into the United States during 1968 places the expected total at 990 million pounds.

He pointed out that, although this quantity is 55 million pounds above the estimate announced in June, it is 55 million below the amount which would call for Presidential action to invoke meat import quotas for 1968.

A listing of meat imports subject to P.L. 88-482 by months from January 1965 through July 1968 follows.

Month	1965	1966	1967	1968
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
January	28.2	51.4	77.4	80.7
February	34.5	60.3	58.5	72.6
March	68.7	49.4	61.9	64.1
April	32.4	63.3	58.8	78.4
May	52.3	52.0	51.5	56.1
June	41.9	100.2	69.6	105.0
July	58.5	61.4	88.7	86.0
August	59.9	87.1	92.2	....
September	62.2	91.5	89.7	....
October	64.4	79.7	91.8	....
November	57.2	61.1	82.3	....
December	53.7	66.0	72.4	....
Total	613.9	823.4	894.9	....

Public Law 88-482, enacted in August 1964, provides that if yearly imports of certain meats—primarily beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke a quota on meat imports. The adjusted base quota for 1968 of 950.3 million pounds was announced in December. The level of estimated imports which would trigger its imposition is 1,045.3 million pounds.

The Secretary said that the new estimate would have been higher were it not for restraints on shipments to the United States by principal foreign suppliers. Recently, discussions were held with all of the major countries exporting these meats to the United States. Commitments were made to limit exports to the United States, and these commitments are reflected in the new estimate.

The Secretary noted that Australia and New Zealand, in line with their commitments, have already taken steps to curtail their shipments so that arrivals during the last quarter of this year would be reduced.

Secretary Freeman noted that the domestic demand for beef continues to be strong and that current prices received by farmers for cattle are above year-earlier levels.

The Secretary emphasized, however, that the Department is continuing to maintain vigilance over present and prospective imports and is prepared to move quickly should it become necessary.

Australia Extends Cotton Bounty Program

The Government of Australia will extend until 1971 the Cotton Bounty Program that was due to expire this year. The subsidy program is to be phased out during these years, thus allowing marginal producers time to switch to alternative crops. Subsidy payment ceilings for the 3 years are A$4 million in 1969, A$3 million in 1970, and A$2 million in 1971. The subsidy will be payable on production rather than on sales to spinners as in the past.

On an estimated production of 165,000 bales for 1969, the subsidy payment per pound is calculated to be about 5.0 cents.

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